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## **China - Peoples Republic of**

**Post:** Shanghai ATO

### **American Food Festival 2009-Shanghai and Beijing**

**Report Categories:**

Retail Food Sector

ATO ACTIVITIES reports

Market Promotion/ Competition

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**Report Highlights:**

Featuring over 3,000 U.S. food products, including over 200 new-to-market SKUs, the CITYSHOP American Food Festival was held at nine outlets in Shanghai and one outlet in Beijing from August 15- September 5, 2009. The festival was an impressive exposition of U.S. food and culture. The opening ceremony involved over 200 local importers, cooperator representatives, distributors, government officials and 13 major media groups from Shanghai. The overall sales of U.S. products during the three-week promotion period reached 6.3 million RMB (\$930,585), an increase of 21% more than the projected goal (\$770,000).

## General Information:

Activity Code and Name: 2009 American Food Festival

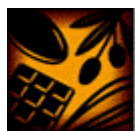
Beginning/Ending Date: 15-September 5, 2009

City/Country: Shanghai & Beijing China

### 1) Background

The American Food Festival was held at CITYSHOP's nine outlets in Shanghai and single outlet in Beijing from August 15- September 5, 2009. The promotion was organized by the U.S. Agricultural Trade Office Shanghai and sponsored by the Southern U.S. Trade Association (SUSTA), as well as nine U.S. Department of Agriculture (USDA) cooperators: the American Brewers Association, the California Table Grape Commission, the California Tree Fruit Association, the California Walnut Commission, the California Wine Institute, the U.S. Dairy Export Council, the U.S. Dry Pea and Lentil Council, the Washington Apple Commission and the U.S. Pet Institute. Sinodis, a major food importer, also sponsored this promotion.





**SINODIS**  
西诺迪斯  
*The Food Professionals*



Consumer-oriented food exports to China are increasing rapidly, growing at an average rate of 15% over the past five years. The U.S. continues to hold the top position in this category; with exports reaching US\$ 1.1 billion in 2007 and increasing 36 % in the first 10 months of 2008. The Chinese economy grew by 8.72% in 2009. Although some foreigners left China over the course of the year due to the economic recession, imported food retail sales continued to rise. This demonstrated the rising demand for imported food among high-end Chinese consumers.

CITYSHOP is the largest chain stores in Shanghai that specializing in imported foods. It has nine retail outlets in Shanghai and one in Beijing. All of its outlets are located in central business districts or high-end residential areas. Over the years, it has developed a unique system for retail and wholesale services. With its wide variety of products and first-class service, CITYSHOP has received acclaim among expatriates and Chinese high-end customers. It currently carries nearly 3,000 American food and non-food SKUs.

## **2) Promotion Objectives**

- Build awareness among Shanghai/Beijing consumers of U.S. products and build distribution channels through continued cooperation with leading imported food retailers.
- Introduce new-to-market consumer products and educate Chinese consumers on the wide variety of high-value U.S. food products.
- Encourage support for imports of U.S. high-value products among local distributors by showcasing their sales potential.

## **3) Desired Results**

- Sales during the three week promotion in the 10 outlets totaling \$ 770,000, representing an increase of 40% over the same period the year before.
- Introduce 100 SKUs of new products.

## **4) Sales Results and Actual Outcomes**

With a total of 3,000 U.S. food products, including over 200 new-to-market SKUs, the

CITYSHOP American Food festival was an impressive exposition of U.S. food and culture. Overall sales of U.S. products during the promotion period reached 6.3 million RMB (roughly \$ 930,585), 21% more than the goal (\$770,000) and an increase of 51% over the same period the year before. The increase was due to the opening of two new shops in 2009 and additional efforts to promote the festival. During the three week promotion, sales of products from the Southern U.S. reached 3 million RMB (roughly \$440,000).

**Chart 1. Results**

<b>Results</b>	<b>Expected</b>	<b>Actual</b>
Promotion Sales	\$ 770,000	\$ 930,585
Sales Increase Over the Same Period fro the Previous Year	40%	51%
New to Store SKUs	100	203

Overall sales during the promotion were 35% higher than total sales from the preceding month (\$ 692,639). Furthermore, due to the promotion, sales showed a sustained increase from October to December, including into Christmas well after the promotion ended (Data from CITYSHOP).

<b>Chart 2. Total U.S. Products Sales By Section</b>			
<b>Product Category</b>	<b>Sales \$ ( 2009/7/15-2009/8/5 )</b>	<b>Sales \$ ( 2009/8/15-2009/9/5 )</b>	<b>Increase</b>
Beverages, Inc. wine, beer, fruit juices	\$46,763	\$57,870	24%
Dairy products (Inc. ice cream )	\$12,900	\$15,750	22%
Fruits	\$33,089	\$34,579	5%
Processed & Frozen Products	\$67,470	\$77,910	15%
Snack Food	\$79,127	\$102.009	29%
Canned Food	\$41,624	\$59,991	44%
Cereals, Bakery	\$87,210	\$117,330	35%
Confectionery items	\$62,370	\$82,688	33%
Sauces and Condiments	\$200,506	\$299,004	49%
Pet food	\$61,583	\$84,945	38%
<b>Total</b>	<b>\$ 692,639</b>	<b>\$ 930,585</b>	<b>35%</b>

The best-selling category was sauces and condiments. The \$299,004 of sales in this category accounted for over 30% of the total sales. The next two best selling categories were snack food and cereals with sales of \$102,009 (10.9% of the total) and \$117,330 (12.6%) respectively. The increase in sales of breakfast cereals, healthy bars and items from the bakery contributed to a 35% increase for the cereals and bakery category. CITYSHOP decided to purchase California walnuts and other U.S. baking ingredients from importers for their in-house bakery stand after the promotion ended. This was due to the positive feedback received from customers on the new menu designed for the promotion.

Beverage sales accounted for 6% of the total and reached \$ 57,870. Several flavors of American craft beers were introduced as new items. Beer sales beat all other new-to-shop beverages. Florida and Ocean Spray juices also did well during the promotion period. Sales of fruits such as Sunkist oranges, red and green grapes, and Washington apples were also good. Overall sales only increased 5% due to some items being out of season after July. For example, Northwest cherries, apples and plums were difficult to source.

Sales of dairy products (mainly cheeses, infant formulas and ice cream), reached \$15,750. In the frozen foods category, aquatic products (especially Alaskan smoked salmon) sold well during the promotion. Sales of new-to market frozen potato products were better than expected. Processed and frozen products sales increased 15% reaching \$77,910. Sales of confectionary items including chocolate, cookies and sweets only increased slightly due to the weather conditions, but this was one of the best-selling categories during Christmas and New Year.

Shanghai media was invited to the opening of the promotion and contributed in-depth reports (see the chart 2 below). Channel Young, one of the most popular TV channels in Shanghai, broadcast a twenty minute show in prime time. The show was a combination of introducing American products and interviews conducted at selected outlets.

Chart 3. Media List for Shanghai Promotion Activities		
Newspaper (Chinese)	1	Shanghai Evening Post
	2	Shanghai Xinmin Evening News
	3	Global Times
	4	Shanghai Business Daily
Newspaper (English)	5	Shanghai Star Business Journal
	6	Shanghai Daily
Food Magazine	7	Betty's Kitchen
	8	Dou Shi Li Ren (Mei Shi Tang)
Online Media	9	Sohu
	10	Shanghai Online

TV channels	11	Jin'an TV
	12	SMG Channel Young
	13	SMG ICS City Beat

## **5) Key Activities**

### **a) The American Food Festival Opening**

Ceremony was held on August 14 outside the Shanghai Center outlet of CITYSHOP, in a spacious plaza. ATO Shanghai Director Wayne Batwin, Deputy Director Mr. Alan Hallman, SUSTA China Representative & SMH Marketing Director Roger Zhang and CITYSHOP President Cui Yixiong participated



in the opening ceremony. More than 200 guests, including USDA cooperator representatives, importers, distributors, government officials, and journalists attended the opening. Guests tasted the authentic flavor of American food and beverages prepared with ingredients from the United States. Wine, craft beer, walnuts, Alaskan seafood, peas, potatoes, cheeses, the fresh and nutritious fruits including Washington apples, Sunkist oranges, California grapes and plums were used. An American style BBQ reception followed the opening ceremony to entertain guests and other key stakeholders. A unique reception menu featured U.S. ingredients and focused on Southern U.S. cuisine (see attachment).

### **b) Chef demonstrations were organized with key media. The objective of the activity was to maximize exposure of the promotion in mass media (newspapers, magazines, online media and TV). For better communication with the media, a famous TV presenter, Mr. Ah Yan, was invited to host the event. Journalists and importers were invited to taste American food**



& beverages. The special menu was designed by CITYSHOP's Director of Culinary Operation and chief chef, Mr. Todd Losacco. He is experienced in the use of American food ingredients. The two demonstration dishes were marinated Alaskan salmon with Florida citrus salsa and California walnut-chicken burgers with dried cranberry relish. The

BBQ chicken burger was well accepted by the guests, and they insisted that CITYSHOP put it on the menu permanently.

- c) A half day table demonstration was arranged for all sponsors on the same day as the Opening Ceremony in the Shanghai Center close to CITYSHOP's main entrance. Each sponsor had a booth to showcase their products. The activity was open to the public. Visitors from office buildings could also come and taste California wines, American craft beers, potato chips, peas with special sources, green and red Washington apples, California walnuts, and selected cheese products. The objective of the activity was to attract public attention to the promotion activity and to create more foot traffic during the three-week promotion period.
- d) A pre-promotion training program for promoters was conducted for over 40 CITYSHOP staff. It was supported and organized by the California Wine Institute office in Shanghai. The famous wine specialist and lecturer Mr. Denis was hired to carry out the training program. Topics included how to appreciate the unique tastes of California wines, explaining how production techniques affect flavor, and the history of each winery. CITYSHOP managers felt the training program was a great opportunity to give their staff a better understanding of California wines. After the training, the promoters felt more confident about introducing products to customers.
- e) All Beijing activities were organized by ATO Beijing and the CITYSHOP Beijing office. They included a chef demonstration at Betty's Kitchen in Beijing, plus an American BBQ evening reception, both of which were a great success. The cooking demonstration was conducted on August 21, with 12 journalists present. The BBQ reception attracted more than 200 guests. The two demonstration dishes were: Juniper Marinated Duck Breast with Succotash and Dried Cherry Relish, and Navajo Indian Sweet Pudding with Blueberry Compote. See CH9415 for more detail information about the activities in Beijing and sales analysis.

## **7) Conclusions and Guidelines for Future Promotion**

- ATO Shanghai will continue to cooperate with the leading imported foods retailer in Shanghai. With more than 10 years experience in retail, CITYSHOP is generally capable of carrying out multi-level marketing activities. ATO Shanghai will help them source more fine U.S. products in the future.
- It was the first time American craft beers were sold in CITYSHOP. All brands



remained after the promotion ended. It was a successful marketing strategy, as the distributor' strategy used to focus more on restaurants, bars and hotels.

- DVDs regarding wine history and tasting knowledge could be played on TV screens at all shops. Mini-size catalogs and brochures could also help encourage hesitant buyers. California wine sales were not as good as expected due to the extremely hot summer and tough competition from French and Australia wines. However, eight wine importers built a close relationship with the retailer, and they all consider CITYSHOP an important platform to showcase their products. One-on-one meetings were set up for both retailer and importers to see a more efficient marketing method and to select wine lists.
- Pet foods sales are improving. As market demand for high-end pet food and pet care products is rising dramatically, this is becoming a very promising niche market. Conducting regular surveys with end-users and retailers is highly suggested.
- Future promotions should be held in October-December when the weather is better for outdoor activities. As this timing is close to Christmas and New Year, it should have a greater impact on holiday purchases.

## **8) Costs**

<b>Chart 4. Sponsorship Cash Source (12X)</b>	<b>\$ 23,500</b>
Southern U.S. Trade Association (SUSTA)	\$ 18,000
American Brewers Association (BA)	\$ 1,500
California Tree Fruit Association(ATFA)	\$ 1,500
California Table Grape Commission (CTGC)	\$ 1,500
California Walnut Commission (CWC)	\$ 750
California Wine Institute (CWI)	\$ 1,500
U.S. Dairy Export Council (USDEC)	\$ 750
U.S. Dry Pea and Lentil Council (DPLC)	\$ 1,500
Washington Apple Commission (WAC)	\$ 1,500
Sinodis	\$ 1,500
US Pet Institute	\$ 1,500



Attachment

## AMERICAN FOOD & BEVERAGE PROMOTION MENU

Shanghai + Beijing

### **Salad & Soup Table**

*Nine Bean Salad*

*Waldorf Salad*

*Hot Smoked Alaskan Salmon and US Lentil Salad*

*Chattanooga Pineapple-Raisin Coleslaw*

*Fresh Fruit Salad*

*Southern Style Chilled Peach Soup*

### **BBQ Table**

*Memphis Style Barbecued Pork Ribs*

*Corn on the Cob*

*Marinated Alaskan Salmon with Florida Citrus Salsa*

*California Walnut-Chicken Burgers with Dried Cranberry Relish*

### **Chili Table**

*Texas Beer Chili with Corn Bread*

### **Dessert Table**

*California Walnut Crusted Caramel Bourbon Cheesecake*

*Washington State Apple Pie*

*California Walnut Brownies*

*California Plum Upside Down Cake*

**Chef Demo (Shanghai)**

*Marinated Salmon with Florida Citrus Salsa*

*California Walnut-Chicken Burgers with Dried Cranberry Relish*

**Chef Demo (Beijing)**

*Juniper Marinated Duck Breast with Succotash and Dried Cherry Relish*

*Navajo Indian Sweet Pudding with Blueberry Compote*